

## Business Strategies of Residential Apartment Builders

Raji AM

### Abstract

Construction industry has the characteristics of both production and service industry. The construction industry is changing constantly with developments of new and novel business methods. Knowledge of these methods helps managers in identifying and understanding opportunities and threats facing the firms and developing suitable strategies. The aim of this paper is to identify the various strategies used by builders in Thrissur District. The strategies focused in this paper include marketing strategy, employee strategy, and technology strategy. The paper helps to identify the importance of marketing and its implementation in construction industry.

**Keywords:** Construction industry; marketing strategy; employee strategy; technology strategy.

### Introduction

The construction industry is one of the most important industries which contribute much to the economic growth in the world. However, in contrast to other manufacturing industries like automobiles or personal computers, the construction industry is generally focused on the production of a single and unique end product. The achievement of these unique projects is obtained through what is termed the "project format". In this format, the objective of management is on the planning and control of resources within the framework of the project. While project management areas receive significant focus from construction professionals, less attention is paid to strategic management. In this focus, strategic management addresses the challenges of operating a construction organization as different to an individual project.

However, because of the extensive importance on project management requirements, significantly less attention is given to the unique requirements of strategic management. Specifically, existing

literature and research reports provide less venues for construction professionals to obtain strategic management knowledge. In response to this issue, the current research effort was used to examine strategic management practices in the construction industry and identify strategic areas requiring greater attention by the industry. The objectives of the paper is to identify the marketing strategies, employee strategy, and technology strategy used by construction firms.

Mintzberg et al. (2003) mentioned the concepts related to strategy and grouped them into five categories, including strategy as plan, ploy, pattern, position, and perspective. From a practical viewpoint, developing a strategy is a vital process because all factors affecting strategic decisions should be considered. This led to the study by Thompson and Strickland (2003), who suggest that an effective strategy should incorporate three elements: customer needs, customer groups to be served, and the competencies the firm wants to deliver value. To deliver this value and accomplish an organization's mission and vision, firms need to clearly understand their strategic intent and set up long-term business goals, for being dominant in a certain market. Executives may not be clear about the existing strategy used in the organization. It is particularly essential for senior management staff to examine, understand and give awareness on the actual emerging pattern of the organization's goals, policies, and major programs to determine what its true strategy is (Mintzberg 1972). Strategies are the answers at a management level to how the firm will

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**Author's Affiliation:** Assistant Professor, Dept. of Management Studies, MD College, Pazhanji, Kerala 680542, India.

**Corresponding Author:** Raji A M, Assistant Professor, Dept. of Management Studies, MD College, Pazhanji, Kerala 680542, India.

**E-mail:** rajisreeranj@gmail.com

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pursue its organizational mission, strategic vision and performance.

Marketing strategy is a managerial process of analyzing market opportunities and choosing marketing position that serves the company's purpose and objectives. It is the company's response to external environment and consistent set of principles through which company tries to achieve its long run customer and profit objectives in a competitive environment. Marketing strategies are the ways by which organisations sell their services to their intending clients. They play an vital role in the success of a construction company in this highly competitive industry. With the changing business environment, sustainability, innovation, and technology have become more important in strategic planning. Value innovation could be used to create rich market space, which is called "blue ocean strategy" (Kim and Mauborgne 2004), and there is a need to integrate environmental and social considerations more effectively into core business operations and strategy (Porter and Kramer 2006).

### Statement of the Problem

In the global market the rapid penetration of new market, increasing level of competition are the factors that lead companies to find effective strategies to conquer the global market. Strategy is management's game plan for growing the business, staking out a market position, attracting and pleasing customers, competing successfully, conducting and implementing operations, and achieving targeted objectives. The construction industry is changing constantly with developments of new and novel business methods. Knowledge of these methods helps managers in identifying and understanding opportunities and threats facing the firms and developing suitable strategies. The present study help to identify the marketing strategy, employee strategy and technology strategy adopted by the builders of residential apartments.

### Objectives of the study

- a) To study the strategies used by builders of residential apartments.
- b) To analyze the marketing strategy, employee strategy, and technology strategy adopted by builders of residential apartments.

### Research Methodology

The literature review gives a basis for developing the questionnaire used in construction firms. This was done to appraise the existing marketing strategies with a view to determining their frequency of usage and effectiveness of these strategies for the purpose of achieving improved patronage from the construction clients. The respondents include project managers, marketing managers. The primary data is collected through a well structured questionnaire. The questionnaire is given to 20 builders in Thrissur District. Convenient sampling method is used. The questionnaire is divided into 2 sections: the first section focused on the respondent's general information such as year of existence of the firm, designation of the respondents, professional qualifications as well as year of professional experience. The second section focused on questions relating to the firms marketing strategies, employee strategy, and technology strategy. The respondents' opinions were identified using five-point Likert scale where 1 represented "strongly disagree" and 5 represented "strongly agree". The data collected were analysed using percentage, Mean ranking and correlation.

Twelve strategies were focused in this paper.

#### *Strategies*

##### *Marketing Strategies*

- a) Building relationships with existing clients
- b) Delivering products/ services help in reducing clients costs
- c) Attracting new clients
- d) Providing broad range of service to your clients
- e) Increase your market share

##### *Employee strategy*

- a) Recruiting experienced employees
- b) Providing training programs
- c) Encourage employees to share ideas
- d) Participating in apprenticeship programs

##### *Technology Strategy*

- a) Enhancing your business technical capabilities
- d) Investing in research and development

c) Participating in development of industry standards

**Result and findings**

**Table 1:**

Description	Percentage
Year of Establishment of the firm	
Less than 10 Year	30%
11 - 20 Year	50%
More than 20 years	20%
Qualification of respondent	
B.Tech	30%
MBA	20%
Other Degree	50%
Experience in project management	
Less than 10 year	60%
11 - 20 years	40%
More than 20 years	-

The survey is conducted among twenty builders in Thrissur. 50% of the firms are established between 11 to 20 years. 30% of them has less than 10 years experience. 20% above 20 years. 30% of the respondents have B.Tech degree, 20% have MBA, and 50% are other graduates.60% of respondents have experience less than 10 year, and 40% between 11 to 20 years.

The assessment of various strategies by the builders shows that the highest ranked marketing strategy is attract new clients, Delivering products/ services help in reducing clients costs, Providing broad range of service to your clients, with mean 4.9,4.55,4.50.

**Table 3:** Correlation

		Relationship with clients	Delivering services reduce clients cost	Attract new clients	Range of service	Increase market share
Relationship with clients	Pearson Correlation	1	.154	.218	-.218	.218
	Sig. (2-tailed)		.518	.355	.355	.355
	N	20	20	20	20	20
Delivering services reduce clients cost	Pearson Correlation	.154	1	.369	-.101	.704**
	Sig. (2-tailed)	.518		.110	.673	.001
	N	20	20	20	20	20
Attract new clients	Pearson Correlation	.218	.369	1	-.333	.524*
	Sig. (2-tailed)	.355	.110		.151	.018
	N	20	20	20	20	20
Range of service	Pearson Correlation	-.218	-.101	-.333	1	-.714**
	Sig. (2-tailed)	.355	.673	.151		.000
	N	20	20	20	20	20
Increase market share	Pearson Correlation	.218	.704**	.524*	-.714**	1
	Sig. (2-tailed)	.355	.001	.018	.000	
	N	20	20	20	20	20

\*. Correlation is significant at the 0.05 level (2-tailed).

\*\*. Correlation is significant at the 0.01 level (2-tailed).

**Table 2:** Descriptive Statistics

	Descriptive Statistics			
	N	Mean	Std. Deviation	Rank
Relationship with clients	20	4.30	.470	4
Delivering services reduce clients cost	20	4.55	.510	2
Attract new clients	20	4.90	.308	1
Range of service	20	4.50	.513	3
Increase market share	20	4.10	.718	5
Recruiting experienced employees	20	3.70	.657	7
Training	20	3.40	.503	10
Encourage employees to share idea	20	4.00	.649	6
Apprenticeship program	20	3.50	.761	8
Technical Capabilities	20	3.50	.827	8
Research	20	3.40	.681	10
Industry standard and practices	20	3.40	.681	10
Valid N (listwise)	20			

The least ranked strategies were Building relationships with existing clients and Increase your market share with mean 4.3 and 4.10. Among the employee strategy Encourage employees to share ideas was better with mean 4.00 and Recruiting Experienced employees and Providing apprenticeship program had a mean of 3.7 and 3.8. Enhancing your business technical capabilities, Investing in research and development, Participating in development of industry standards were ranked very poor by builders with mean of 3.5, 3.4 and 3.4.

Correlation between different variable in the marketing strategy is found and it reveals that there is good correlation between Delivering products/ services help in reducing clients costs and improve market share with  $r .704$  (1%) significance level. There is positive correlation between attracting new clients and increasing market share with  $r .524$  at 1% level of significance. The rest are not significantly correlated.

### Conclusion

This paper focussed on effective strategies used in construction industry and concluded that level of practice of employee strategy and adoption of new technology is very low among builders in Thrissur. Marketing strategies often used in the construction industry included attracting new client, delivering products promptly, and providing wide range of products. The builders pay very little attention to training program for employees, research and technology updation. Adoption of appropriate marketing strategies by professionals within the Indian construction industry will result into acquiring more contracts, creating more awareness about their services, promotion of sales and maintenance of good and continuous relationship with their clients. The professionals in Indian construction industry should take cognizance of the benefits of adopting effective marketing strategies,

allow for the use of research and promotion within the context of the professional ethics as they could be adopted for improved quality and productivity of services. Interaction of these strategies will help in sustainability of the firms and ability to withstand the stiff competition within the national and international construction market.

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